



CITY OF  
**HAYWARD**  
HEART OF THE BAY

**Overview Pay as You Save (PAYS ®) Pilot**  
**On-Bill Financing for Water and Energy Efficiency Measures**

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Utilities and Environmental Services

**July 10, 2013**



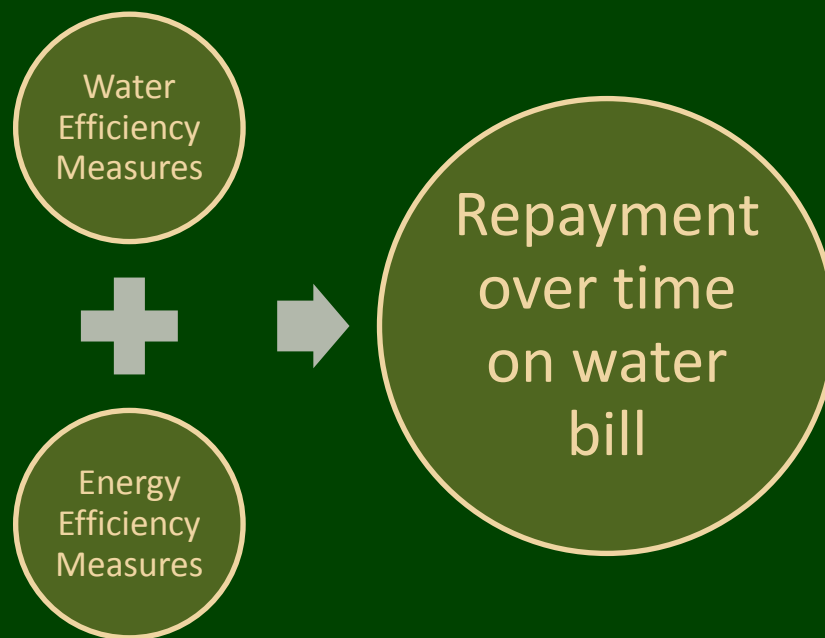
# Pay as You Save (PAYS ®) Pilot Introduction

- The City of Hayward Utilities and Environmental Services has been awarded a grant by the Bay Area Regional Energy Network (BayREN) to design a “Pay As You Save” (PAYS®) system.
- Funding will cover:
  - Program design costs
  - Technical assistance
  - Offset some start-up costs



# Pay as You Save (PAYS ®) Pilot

- Allows eligible homeowners and renters to install water and energy-saving measures with no up-front costs.
- Repay program costs over time through a surcharge on their water bill
- Estimated water, sewer, and energy savings exceed surcharge.



# Pay as You Save (PAYS ®) Pilot

- Developed in 1999 by the Energy Efficiency Institute (EEI)
- Previously implemented in Hawaii, Kansas, Kentucky, New Hampshire
- \$18M worth of efficiency measures installed
- Piloted in Windsor, CA (Sonoma County)
- Early program design stage – no obligation/commitment
- **PAYS® vs. PACE vs. Rebates**



# Pay as You Save (PAYS ®) Pilot – Logistics



\*Stopwaste expressed interest in Certification Agent role



# Pay as You Save (PAYS ®) Pilot – Windsor Example

| ESTIMATED WINDSOR EFFICIENCY PAYS® COSTS AND SAVINGS                      | Total Installed Measure Cost <sup>1</sup> | Co-pay   | Bi-Monthly Surcharge | Surcharge Duration    | Average Bi-Monthly Estimated Savings <sup>2</sup> | Average Bi-Monthly Estimated Net Savings <sup>2</sup> |
|---|---|----------|----------------------|-----------------------|---|---|
| <b>Basic</b>  |   |          |                      |                       |   |   |
| High-efficiency toilet, shower-head, and two (2) aerators                 | \$334.56                                  | \$0.00   | \$7.78               | 10 years              | \$15.90   | \$8.12  |
| <b>Basic Plus</b>   |   |          |                      |                       |   |   |
| High-efficiency clothes washer  | \$768.80                                  | \$0.00   | \$16.70              | 10 years              | \$22.05   | \$5.35  |
| Compact fluorescent light (ea)  | \$5.18                                    | \$0.00   | \$0.20               | 5 years               | \$1.71  | \$1.51  |
| Drought-resistant landscaping <sup>3</sup><br>(assumes 1,000 square feet) | \$2,650.00                                | \$0.00   | \$37.26              | 15 years <sup>2</sup> | \$49.66   | \$12.40   |
| <b>Co-Pay<sup>3</sup></b>   |   |          |                      |                       |   |   |
| Hot water-recirculation pump  | \$160.00                                  | \$75.00  | \$3.36               | 5 years               | \$4.72  | \$1.36  |
| High-efficiency refrigerator <sup>5</sup>                                 | \$1,301.32                                | \$845.29 | \$18.06              | 5 years               | \$24.10   | \$6.04  |

<sup>1</sup> Reflects known program costs as of July 1, 2012.

<sup>2</sup> PAYS® upgrade measures have been selected to provide an estimated minimum of \$1.00 in savings on your utility (water and energy) bill for every \$0.75 of PAYS® surcharge. Exact savings will vary among participants and is dependent upon the accuracy of self-reporting usage estimates.

<sup>3</sup> Landscaping package offers savings, and so is billed, only during the summer season.

<sup>4</sup> These are two examples of the Co-pay measures to be offered.

<sup>5</sup> Assumes replaced refrigerator uses 875 kWh per year.



# Pay as You Save (PAYS ®) Pilot

- Hayward's program design is in initial stages
- Tentative start date: February 2014
- Initially offered to multi-family only
- Potential for municipal application – solar hot water heater



# Pay as You Save (PAYS ®) Pilot - Benefits

## Conservation

- Long standing commitment
- Great addition to existing conservation portfolio

## GHG Reduction

- CAP recognizes energy use in existing buildings must be addressed

## Water Costs

- Water rate adjustments
- Allows customer control over consumption





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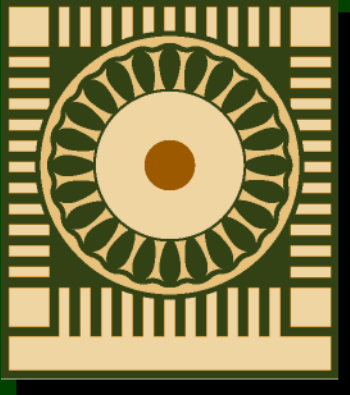
## Economic Impact

- Benefit property to owners and occupants
- Local contractors could experience increased workload

## Fiscal Impact

- Costs of program design covered by grant
- Still studying funding source – outside vs. in-house
- No impact to General Fund
- Staff resources





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